

Five-Year Forecast

Overview

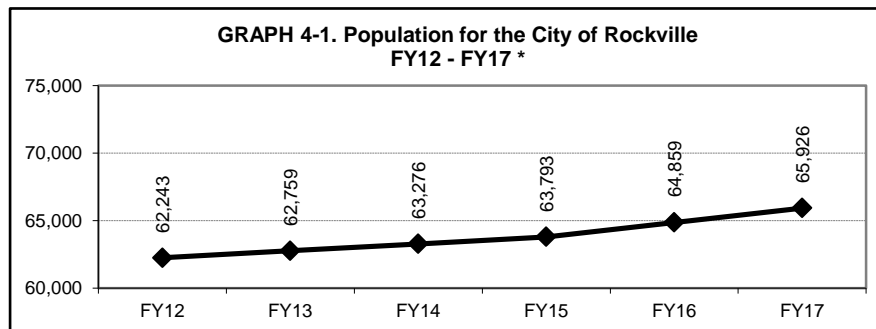
The purpose of the Five-Year Forecast is to facilitate the City in establishing priorities and allocating resources appropriately. The Forecast is a tool that assists the City in focusing its efforts on long-term initiatives, including necessary funding for infrastructure, maintenance, and capital needs. The Forecast is intended to inform management of the long-term impact that may result from short-term resource allocation decisions. If annual surpluses or deficits are predicted in the Forecast, management actions should be taken early on in order to maintain the overall financial health of all funds.

The Forecast presents an overview of the revenues, expenditures, and changes in financial position for the City's General Fund, six enterprise funds, and Speed Camera Fund. In addition to forecasting out to FY17, this section includes four years of history along with the current budget. In terms of budgeting and long-term financial planning, this section is essential for determining and establishing the overall spending level of the City. Understanding past revenue and expenditure trends, and forecasting future revenue and expenditure trends, are key in the overall financial management of the government.

The revenue and expenditure figures presented throughout the Forecast are estimates that will change when new information becomes available. Large fluctuations in estimated revenues and expenditures can be caused by unanticipated changes in the economy, rate changes, demand changes, and/or policy or programmatic decisions. This section is not intended to be used as a proposed budget for future years because of the certainty of future adjustments.

The Five-Year Forecast is based on assumptions regarding what will happen in the economy over the next few years, and on known revenue and expenditure drivers. Due to current economic conditions and the uncertainty surrounding the future of some the City's major revenue sources, this Forecast reflects conservative projections of both revenues and expenditures.

The Forecast assumes an average annual increase of approximately 1.2 percent in the population of Rockville from FY12 to FY17. This estimate is consistent with the latest projections from the Department of Community Planning and Development Services.



* Source: Department of Community Planning and Development Services, February 2012.

Financial Position

Budgets for governmental and enterprise funds are adopted on a basis consistent with Generally Accepted Accounting Principles (GAAP). Accordingly, all governmental fund budgets are presented on the modified accrual basis of accounting. Under this method, revenue and other governmental fund resources are recognized in the accounting period in which they become both "measurable and available" to finance current operating expenditures. All enterprise fund budgets are presented on the full accrual basis of accounting. Under this method, changes are recognized as soon as they occur, regardless of the timing of the related cash flow.

There are two governmental funds in this section, the General Fund and Speed Camera Fund. As mentioned above, governmental funds are designed to focus on near-term liquidity. Consequently, governmental funds present only the subset of assets and liabilities considered to be relevant for assessing near-term liquidity. For governmental funds the term **fund balance** is used to describe financial position or the difference between assets and liabilities, and reflects the availability of short-term resources.

The remaining funds in this section are enterprise funds. For enterprise funds financial position is defined as **working capital**, which represents current assets less current liabilities. Working capital, as opposed to net assets, is most closely comparable to fund balance because it focuses on near-term liquidity.

Enterprise Fund Rate Setting

An important component of financial position or working capital for an enterprise fund is cash. Cash is generally the largest component of current assets. For the City's utility funds, rates are set based on cash flow models that target a specific cash level after a certain period (5 years for Refuse and Stormwater Management, 10 years for Sewer, and Water). A cash flow model differs from a budget forecast model because it includes actual cash outlays, whereas the budget forecast is consistent with GAAP.

Throughout the Five-Year Forecast it is important to remember that even though the working capital balances sometimes exceed the minimum policy reserve level, the working capital balances are not equal to the cash balances that set the rates. The rates are set to ensure that there is sufficient cash to fund operations over the rate setting period. Rate setting also focuses on major future capital needs, cash flow timing for projects that are supported by reimbursable grants, and rate stabilization to combat significant fluctuations.

The minimum policy reserve levels are consistent with the City's Financial Management Policies, and reflect the relative financial health of each fund. In addition to analyzing the compliance with the minimum reserve in any one year, it is also important to analyze the trend. Some funds are below the minimum reserve, but have financial plans in place to meet or exceed the reserve in future years.

Total Revenue and Expenditure Summary by Fund

TABLE 4-1. Revenues / Sources by Fund

	Actual FY08	Actual FY09	Actual FY10	Actual FY11	Modified FY12	Proposed FY13	Estimated FY14	Estimated FY15	Estimated FY16	Estimated FY17
General (110)	61,362,753	62,837,727	61,967,741	65,270,686	66,192,317	64,989,030	66,909,160	68,437,480	70,388,940	72,297,960
Water (210)	5,280,165	5,801,418	6,834,813	8,461,484	10,101,470	10,896,590	11,749,280	12,650,610	13,631,085	14,699,170
Sewer (220)	6,022,976	6,275,621	6,406,863	7,126,124	8,087,000	8,814,300	9,659,850	10,263,680	10,905,820	11,600,270
Refuse (230)	5,555,482	5,602,058	5,565,195	5,999,306	5,869,300	5,613,980	5,877,390	6,082,200	6,296,000	6,592,150
Parking (320)	4,164,003	3,180,989	3,078,611	3,777,489	2,223,000	2,008,100	2,022,300	2,047,700	2,071,200	2,098,990
Stormwater Mgmt (330)	888,277	776,314	1,719,358	2,648,974	2,641,200	3,496,500	4,369,745	4,951,200	5,344,290	5,656,300
RedGate Golf Course (340)	1,335,655	1,169,150	961,411	3,270,409	1,081,430	83,670	99,180	104,425	105,005	124,320
Speed Camera (380)	4,061,034	2,777,447	1,963,075	2,454,633	1,903,700	2,340,900	2,340,760	2,342,900	2,344,300	2,343,000
Total Revenues / Sources *	88,670,346	88,420,724	88,497,067	99,009,105	98,099,417	98,243,070	103,027,665	106,880,195	111,086,640	115,412,160
Percent Increase	6.5%	-0.3%	0.1%	11.9%	-0.9%	0.1%	4.9%	3.7%	3.9%	3.9%

TABLE 4-2. Expenditures by Fund

	Actual FY08	Actual FY09	Actual FY10	Actual FY11	Modified FY12	Proposed FY13	Estimated FY14	Estimated FY15	Estimated FY16	Estimated FY17
General (110)	61,978,081	64,284,016	60,335,834	65,828,295	70,336,930	64,989,030	66,741,310	68,430,530	69,905,860	71,848,520
Water (210)	6,183,215	6,965,004	7,393,901	10,426,002	10,063,665	9,482,560	9,931,700	10,314,870	10,861,400	11,316,210
Sewer (220)	5,979,682	6,016,986	6,383,194	7,691,510	8,933,849	9,096,660	9,650,880	10,150,960	10,565,240	11,030,430
Refuse (230)	4,852,917	5,129,830	5,037,777	5,570,667	6,232,620	6,139,370	6,210,390	6,298,240	6,405,540	6,544,200
Parking (320)	3,836,515	3,398,183	3,393,400	4,003,944	3,041,143	2,477,990	2,457,080	2,435,070	2,419,035	2,405,140
Stormwater Mgmt (330)	1,185,276	1,871,840	2,467,376	2,978,338	3,406,388	3,603,810	3,576,530	3,714,610	3,998,040	4,151,996
RedGate Golf Course (340)	1,382,071	1,508,188	1,507,740	1,597,209	1,137,750	298,040	133,235	128,500	119,455	115,930
Speed Camera (380)	1,498,747	1,387,025	1,090,713	1,655,421	1,604,740	1,746,730	1,758,975	1,771,565	1,786,650	1,805,815
Total Operating Exp. *	86,896,504	90,561,072	87,609,935	99,751,386	104,757,085	97,834,190	100,460,100	103,244,345	106,061,220	109,218,241
Percent Increase	-5.4%	4.2%	-3.3%	13.9%	5.0%	-6.6%	2.7%	2.8%	2.7%	3.0%

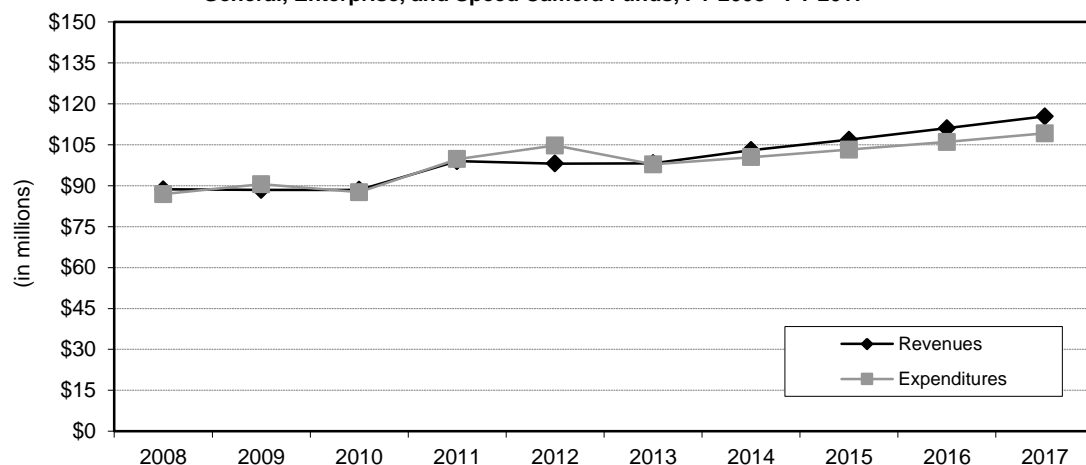
* Does not include revenues or expenditures from the Special Activities, CDBG, or Debt Service funds.

The funds represented in the forecast include the City's General Fund, six enterprise funds, and the Speed Camera Fund. The General Fund is the primary operating fund of the City and is used to account for the City's general or non-enterprise activities. Many of the City's administrative functions are supported through this Fund.

The enterprise funds are used to account for operations financed and operated in a manner similar to private business enterprises where the cost of expenses, including both operations and capital, are financed or recovered primarily through user charges.

The Speed Camera Fund is a special revenue fund that is used to account for the proceeds of speed camera citations. The revenues from this Fund are legally restricted to fund public safety activities.

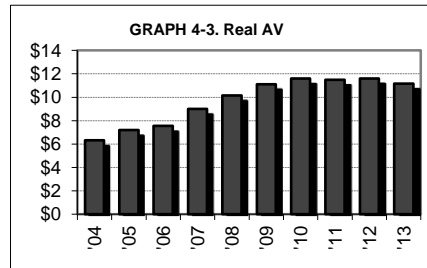
GRAPH 4-2. Total Revenue and Expenditure Budgets
General, Enterprise, and Speed Camera Funds, FY 2008 - FY 2017



General Fund Revenue Assumptions

Several forecasting techniques or methods were used to project General Fund revenues. The rationale for using one method over another depends on the type of revenue. For revenue sources with a large amount of uncertainty, like grants and miscellaneous revenues, conservative estimates that most closely matched current trends are assumed. For revenue sources that are linked to more specific events or quantities, such as property tax and income tax, trend analysis and forecasting based on current economic conditions to determine future collections are used. Regardless of the technique, projections are conservative throughout the Forecast, ensuring prudent management of the City's General Fund resources.

Property Tax - This revenue source makes up 54 percent of the FY13 proposed General Fund budget. The total real taxable assessed value (AV) from FY12 to FY13 is estimated to decrease by 4 percent. This is due to the most recent assessment of City properties. Group 1 properties will be assessed January 2013, where staff anticipates another decrease. The FY14 through FY17 projections reflect another decrease of 4 percent in assessments in FY14.



A 2 cent property tax increase is assumed in FY14 to mitigate the decrease in assessed values. In FY15 assessed values are estimated to remain flat. A modest 2 percent increase in assessed values is forecast for FY16 and FY17. The projected revenues assume a rate of \$0.292 in FY13 and \$0.312 in FY14 through FY17 for real property and \$0.805 for personal property, and the continuation of the Homeowners' Tax Credit Program. Personal property assessed values are estimated to increase by 3 percent a year from FY14 through FY17, which is consistent with historical trends.

From Other Governments - This category consists of revenue that the City receives from Montgomery County and the State of Maryland. The major revenue sources in this category include income tax, tax duplication, highway user, admission and amusement tax, and cable franchise fees. Each of these revenue sources are described here.

Income Tax (included in "From Other Gov'ts") - There was growth in income tax receipts in the past few years due to the City's population growth and strong economy. The modified FY12 and FY13 income tax revenues total approximately \$11.0 million. Starting in FY14, income tax is estimated to increase by 2.5 percent each year throughout the projection period. This is consistent with the average annual increase for income tax revenue over the last several years modified to reflect a slow growth economy.

Tax Duplication (included in "From Other Gov'ts") - This revenue is received from Montgomery County as a partial reimbursement for tax duplication. In FY11, the County reduced the City's share of tax duplication by 15 percent due to budget constraints. The FY13 budget and future years assume the revenue will remain flat.

Highway User Revenue (included in "From Other Gov'ts") - This revenue represents a portion of the City's share of gasoline tax and vehicle registrations collected by the State. This revenue source peaked in FY07 at \$3.3 million. Rockville's contribution for FY13 equals \$480,530, which is lower than FY12. The forecast assumes a flat \$480,530 in FY14, and 25 percent of full funding (\$816,000) in FY15 through FY17.

Admissions and Amusement Tax (included in "From Other Gov'ts") - This is a local tax imposed on the gross receipts from admissions, the use or rental of recreational or sports equipment and the sale of merchandise, refreshments or services at a place where entertainment is provided. Rockville receives that largest amount of admissions and amusement tax revenue from motion pictures, athletic facilities, and skating. The average annual increase for admissions and amusement tax revenue over the last several years was 2.5 percent. The forecast assume increases consistent with historic trends.

Cable Franchise Fees (included in "From Other Gov'ts") - Cable franchise fees include franchise fees paid to the City by Comcast and Verizon. The average annual increase for cable franchise fee revenue over the last several years was approximately 7 percent. Based on past trends the forecast assumes a 5 percent increase each year.

Fines and Forfeitures - This revenue source, which is mainly from redlight cameras, is estimated to increase by 3 percent over the projection period.

Use of Money and Property - Interest income, the largest revenue source in this category, is estimated to decrease in FY13 to 0.1 percent and remain at 0.1 percent in FY14. In FY15, staff projects interest income will gradually start to increase to 0.5 percent and increase again to 1 percent for FY16 through FY17. Interest income relates directly to short-term fixed income rates.

Charges for Services - This revenue is from charges to users who individually benefit from a particular City service. This revenue source is estimated to increase by 5 percent per year over the projection period. These revenues were increased in FY12 due to the increase in rates as a result of the Comprehensive User Fee Study completed in FY11. The 5 percent projected increases are a result of projected increases in population, programs, and increases in fees to improve cost recovery.

Licenses and Permits - Building permits are the largest source of revenue in this category, and are estimated to remain flat in FY13. This category is estimated to remain relatively flat and only increase by 2 percent per year.

Other Revenues - A majority of the revenues in this category are from administrative charges to enterprise and special revenue funds for centrally budgeted administrative or "overhead" costs. Each fund pays for its share of the costs through a transfer to the General Fund. The administrative charges are scheduled to increase by 1 percent for FY13 and 1.25 percent each year from FY14 through FY17.

Hotel Tax (included in "Other Revenues") - This revenue source consists of the City's share of a 2 percent tax levied on a person who pays for a room or space at a hotel. For FY13, the City anticipates approximately \$950,000 in hotel tax revenue, with 4 percent increases each year throughout the projection period. These projections are based on future increases in hotel rates and usage.

General Fund Expenditure Assumptions

Similar to the General Fund revenues, several forecasting techniques or methods were used to project General Fund expenditures. The rationale for using one method over another depends on the type of expenditure. For expenditures that fluctuate, like capital outlay, conservative estimates that most closely matched current trends are assumed. For expenditures that are linked to more specific activities or quantities, such as personnel and debt service, trend analysis or known schedules to determine future expenditures are used.

Personnel - Includes salary, benefits, and overtime. Salaries are estimated to increase by 1 percent in FY13 and 1.25 percent each year from FY14 through FY17. Benefits are estimated to increase by 5 percent in FY14 through FY15 and increase to 7 percent in FY16 and then to 10 percent in FY17. The increases in benefits are consistent with the estimated contributions to employee retirement, as well as the future projection of healthcare costs. For this analysis overtime remains flat throughout the projection period. These increases assume General Fund staffing levels will remain relatively flat over the projection period.

Contractual Services and Commodities - There is an estimated increase of 1 percent for contractual services and 2.5 percent for commodities over the projection period. The 1 percent increase in contractual services reflects the continued reduced levels of employee travel and training, position reclassifications, and contract services. These items were first reduced when the City's intergovernmental revenues were significantly decreased starting in mid-FY10. The 2.5 percent increase in commodities is mostly due to projected utility increases at City facilities.

Capital Outlay - This expenditure category usually fluctuates from year to year because it is comprised of many one-time expenditures. Given the City's current financial condition, only high priority items will be purchased. Because spending in this category is more discretionary, capital outlay is estimated to remain flat throughout the projection period.

Other / Transfers - This category is primarily comprised of transfers to the Parking Fund and RedGate Golf Fund and grants for Outside and Caregiver Agencies. The transfers are described here along with graphs that provide a history of the transfers. Outside and Caregiver Agency grants are estimated to increase by 1 percent in FY13 and 1.25 percent each year from FY14 through FY17.

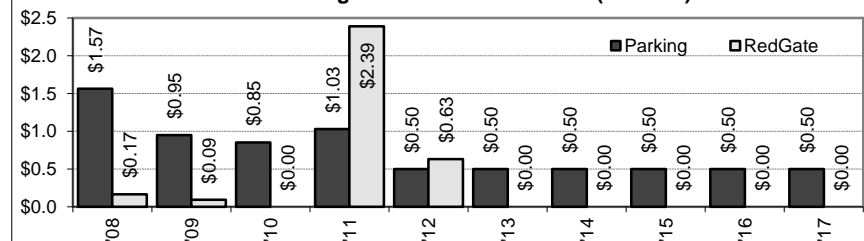
Transfer to Parking (included in "Other / Transfer") - The FY13 budget includes a \$500,000 transfer from the General Fund to support the parking enterprise. Staff recommends continuing with a General Fund transfer until parking revenues offset more Parking Fund expenses, which includes the debt service on \$36 million of parking garage debt.

Transfer to RedGate Golf (included in "Other / Transfer") - For FY13, there is no budgeted transfer and the forecast assumes no transfers in the future.

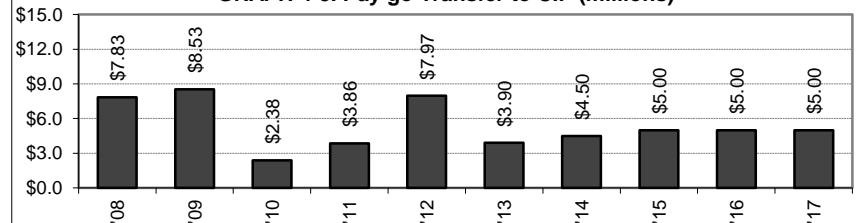
Transfer to the CIP - The CIP program is mainly funded from four components: cash, debt, government grants, and developer contributions. The transfer from the General Fund is the cash or "pay-go" contribution. The pay-go contribution is critical in controlling the City's overall debt and maintaining the City's credit rating. In FY07, FY08, and FY09 the City transferred one-time savings (General Fund balance in excess of the 15 percent reserve requirement) in addition to the annual budgeted transfer amount in an effort to reduce borrowing (see graph below). The FY13 budget includes a transfer of \$3.9 million, FY14 will assume \$4.5 million, and FY15 through FY17 will assume \$5.0 million. The transfer amounts are based on the Capital Projects Fund cash flow, which is presented in the CIP budget book, and is balanced over a five-year period. This transfer is forecast to increase due to the exclusion of debt and a backlog in infrastructure investment.

Debt Service - This represents the annual transfer to the Debt Service Fund to support the City's annual debt payments. The projected debt payments cover old and new General Fund debt. The transfer amounts are based on the Debt Service Fund cash flow, which is presented in the CIP budget book, and is balanced over a five-year period. The forecast assumes no future taxpayer supported debt.

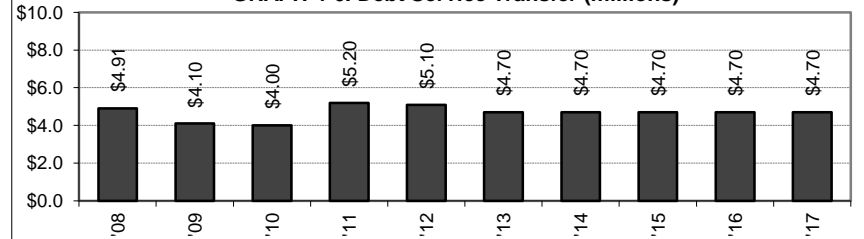
GRAPH 4-4. Parking and RedGate Transfers (millions)



GRAPH 4-5. Pay-go Transfer to CIP (millions)



GRAPH 4-6. Debt Service Transfer (millions)



General Fund Five-Year Forecast

TABLE 4-3. General Fund Revenues / Sources

	Actual FY08	Actual FY09	Actual FY10	Actual FY11	Modified FY12	Proposed FY13	Estimated FY14	Estimated FY15	Estimated FY16	Estimated FY17
Property Taxes	32,205,812	34,526,050	35,454,838	34,412,039	36,377,900	35,090,580	36,168,300	36,423,930	37,391,850	38,334,500
From Other Gov'ts	17,981,956	17,801,482	15,399,421	15,751,436	15,602,457	15,743,820	16,106,140	16,835,490	17,241,470	17,659,970
Fines and Forfeitures	634,907	648,477	687,732	766,882	645,000	654,500	674,140	694,360	715,190	736,650
Use of Money / Property	2,168,327	330,784	186,255	236,720	525,900	239,600	251,150	306,400	375,400	393,300
Charges for Service	4,859,899	5,473,186	5,766,550	5,932,617	5,877,875	6,104,240	6,409,450	6,729,920	7,066,420	7,419,740
Licenses and Permits	1,797,039	1,606,198	1,737,186	2,404,046	2,261,000	2,386,000	2,433,720	2,482,390	2,532,040	2,582,680
Other Revenues	1,714,813	2,451,549	2,735,759	5,766,946	4,902,185	4,770,290	4,866,260	4,964,990	5,066,570	5,171,120
Total Revenues / Sources	61,362,753	62,837,727	61,967,741	65,270,686	66,192,317	64,989,030	66,909,160	68,437,480	70,388,940	72,297,960
Percent Increase	2.0%	2.4%	-1.4%	5.3%	1.4%	-1.8%	3.0%	2.3%	2.9%	2.7%

TABLE 4-4. General Fund Expenditures

Expenditures	Actual FY08	Actual FY09	Actual FY10	Actual FY11	Modified FY12	Proposed FY13	Estimated FY14	Estimated FY15	Estimated FY16	Estimated FY17
Personnel	33,507,220	36,941,746	38,873,774	39,737,343	41,441,237	41,834,890	42,769,170	43,736,190	44,985,050	46,696,850
Contract Services	7,746,084	7,373,957	7,286,501	6,686,427	7,342,946	6,798,080	6,866,060	6,934,720	7,004,070	7,074,110
Commodities	4,457,595	4,517,281	4,858,076	4,660,465	5,304,080	5,233,100	5,363,930	5,498,030	5,635,480	5,776,370
Capital Outlay	749,700	644,462	718,022	720,667	649,707	487,500	487,500	487,500	487,500	487,500
Other / Transfers	2,780,090	2,173,247	2,221,461	4,967,393	2,531,960	2,035,460	2,054,650	2,074,090	2,093,760	2,113,690
Subtotal	49,240,689	51,650,692	53,957,834	56,772,295	57,269,930	56,389,030	57,541,310	58,730,530	60,205,860	62,148,520
Transfer to CIP	7,831,500	8,533,695	2,378,000	3,856,000	7,967,000	3,900,000	4,500,000	5,000,000	5,000,000	5,000,000
Debt Service	4,905,892	4,099,629	4,000,000	5,200,000	5,100,000	4,700,000	4,700,000	4,700,000	4,700,000	4,700,000
Total Operating Expenditures	61,978,081	64,284,016	60,335,834	65,828,295	70,336,930	64,989,030	66,741,310	68,430,530	69,905,860	71,848,520
Percent Increase	0.9%	3.7%	-6.1%	9.1%	6.8%	-7.6%	2.7%	2.5%	2.2%	2.8%

TABLE 4-5. General Fund Balance and Target Reserve

Fund Balance, Beginning *	15,666,993	15,051,665	13,656,942	15,318,075	14,760,466	10,615,853	10,615,853	10,783,703	10,790,653	11,273,733
Net Change	(615,328)	(1,446,289)	1,631,907	(557,609)	(4,144,613)	-	167,850	6,950	483,080	449,440
Fund Balance, Ending	15,051,665	13,605,376	15,288,849	14,760,466	10,615,853	10,615,853	10,783,703	10,790,653	11,273,733	11,723,173
Actual Reserve Percent	25.6%	22.0%	24.6%	23.8%	16.1%	16.3%	16.1%	15.8%	16.0%	16.2%
Target Reserve Level	8,836,036	9,275,456	9,312,388	9,315,400	9,906,432	9,748,355	10,036,374	10,265,622	10,558,341	10,844,694

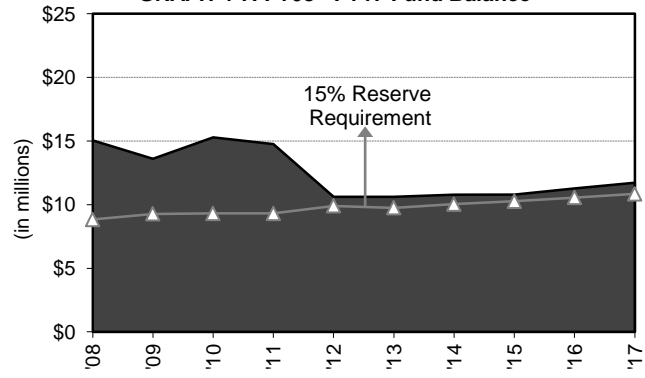
* FY10 Actual Fund Balance, Beginning was adjusted up by \$51,566 and FY11 Actual Fund Balance, Beginning was adjusted up by \$29,226 consistent with the City's FY10 and FY11 audited financial reports.

One of the City's financial management policies is to maintain a fund balance in the General Fund at or above 15% of adopted annual revenue. For FY 2013, the General Fund budget is \$867,498 over the 15% reserve requirement of \$9.7 million.

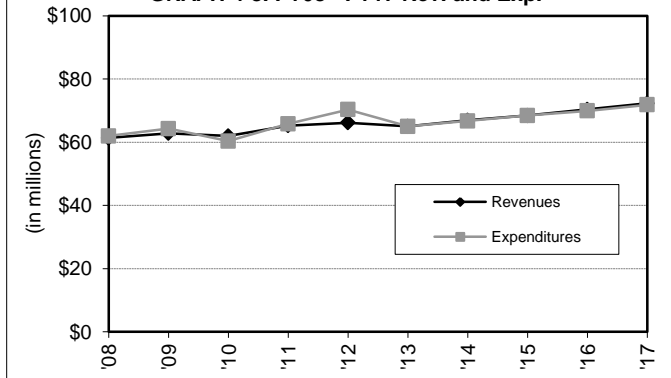
Over the five-year projection period, revenues and expenditures are estimated to increase by an average of just less than 3 percent per year.

A real property tax rate increase of 2 cents is assumed in FY 2014.

GRAPH 4-7. FY08 - FY17 Fund Balance



GRAPH 4-8. FY08 - FY17 Rev. and Exp.



Water Fund Five-Year Forecast

TABLE 4-6. Water Fund Revenues / Sources

	Note	Actual FY08	Actual FY09	Actual FY10	Actual FY11	Modified FY12	Proposed FY13	Estimated FY14	Estimated FY15	Estimated FY16	Estimated FY17
Utility Charges	A	4,550,391	5,183,077	6,123,692	7,784,926	9,433,000	10,306,100	11,154,680	12,048,610	13,021,585	14,081,970
Penalties		47,626	48,477	72,100	73,848	60,000	60,000	60,000	60,000	60,000	60,000
Connection Charges		98,400	14,700	98,800	59,792	100,000	20,000	20,000	20,000	20,000	20,000
Interest Income	B	62,960	43,931	4,048	1,377	-	2,000	-	-	-	-
Transfers In / Other	C	520,788	511,233	536,173	541,541	508,470	508,490	514,600	522,000	529,500	537,200
Total Revenues / Sources		5,280,165	5,801,418	6,834,813	8,461,484	10,101,470	10,896,590	11,749,280	12,650,610	13,631,085	14,699,170
Percent Increase		-2.2%	9.9%	17.8%	23.8%	19.4%	7.9%	7.8%	7.7%	7.8%	7.8%

TABLE 4-7. Water Fund Expenses

	Note	Actual FY08	Actual FY09	Actual FY10	Actual FY11	Modified FY12	Proposed FY13	Estimated FY14	Estimated FY15	Estimated FY16	Estimated FY17
Personnel	D	2,412,085	2,735,025	3,188,833	3,332,604	3,472,090	3,387,080	3,461,830	3,539,230	3,639,440	3,777,140
Contract Services	E	334,163	368,410	426,712	2,290,399	666,185	504,000	554,400	609,840	670,820	737,900
Commodities		1,221,560	1,325,683	1,312,347	1,345,988	1,733,912	1,431,650	1,574,820	1,732,300	1,905,530	2,096,080
Capital Outlay		182,585	149,031	142,560	83,963	80,848	66,940	73,630	80,990	89,090	98,000
Admin. Charge	F	418,000	431,000	444,000	1,000,110	1,010,110	1,020,210	1,032,960	1,045,870	1,058,940	1,072,180
Debt Service (Interest)	G	394,485	744,147	800,750	832,692	971,120	847,880	942,520	946,350	1,066,480	1,030,880
Other	H	1,220,337	1,211,708	1,078,699	1,540,246	2,129,400	2,224,800	2,291,540	2,360,290	2,431,100	2,504,030
Total Operating Expenses		6,183,215	6,965,004	7,393,901	10,426,002	10,063,665	9,482,560	9,931,700	10,314,870	10,861,400	11,316,210
Percent Increase		7.6%	12.6%	6.2%	41.0%	-3.5%	-5.8%	4.7%	3.9%	5.3%	4.2%

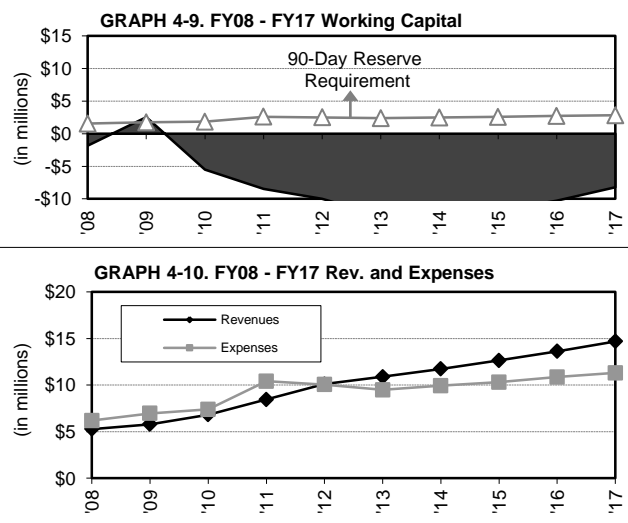
TABLE 4-8. Water Fund Working Capital and Reserve

Working Capital, Beginning	(240,476)	(1,838,775)	2,536,426	(5,507,534)	(8,464,661)	(9,993,054)	(12,599,524)	(12,867,287)	(11,786,353)	(10,278,609)
Net Change	(1,598,299)	4,375,201	(8,043,960)	(2,957,127)	37,805	1,414,030	1,817,580	2,335,740	2,769,685	3,382,960
Working Capital, Ending *	(1,838,775)	2,536,426	(5,507,534)	(8,464,661)	(9,993,054)	(12,599,524)	(12,867,287)	(11,786,353)	(10,278,609)	(8,215,617)
Minimum 90-Day Reserve	1,545,804	1,741,251	1,848,475	2,606,501	2,515,916	2,370,640	2,482,925	2,578,718	2,715,350	2,829,053

* The FY12 through FY17 Working Capital, Ending has been adjusted down to account for cash capital expenses currently programmed in the CIP.

The Water Fund is used to account for all financial activity associated with the treatment, transmission and distribution of potable water. In order to continue to fund the capital and operating expenses necessary to support the City's water system water rates will increase by 8% for FY 2013 through the end of this projection period.

Water rates are currently established over a ten-year period, but only the first five years are reflected above. Reductions in future capital investments and increased rates will restore the fund to a positive situation over the ten-year period.



NOTES:

- A.** Charges for services are estimated to increase by 8% for FY13, through the end of this projection period. Both the tiered usage fee and the ready-to-serve fee (estimated to increase by 20% each year) are included in the Utility Charges.
- B.** Interest Income is approximately 0.1% of the estimated working capital balance for FY14, 0.5% for FY15 and 1% for FY16 and FY17.
- C.** Includes transfers in from the Sewer and Refuse funds, which will increase by 1.20% in FY14 and 1.44% from FY15 through FY17.
- D.** Personnel is estimated to increase by an average annual 2.9% over the projection period, mainly due to increases in benefits.
- E.** Operating, Commodity, and Capital Outlay expenses are estimated to increase by approximately 10% each year in order to address the concerns identified in the two water studies.
- F.** Based on the adopted CAP, the Admin. Charge is estimated to increase by 1.25% each year from FY14 through FY17.
- G.** Debt Service amounts represent interest payments based on current and future debt schedules. This fund is projected to issue \$12 million in new debt between FY13 and FY17.
- H.** Includes depreciation which is estimated to increase by 3% each year due to the number of current Water Fund capital projects.

Sewer Fund Five-Year Forecast

TABLE 4-9. Sewer Fund Revenues / Sources

	Note	Actual FY08	Actual FY09	Actual FY10	Actual FY11	Modified FY12	Proposed FY13	Estimated FY14	Estimated FY15	Estimated FY16	Estimated FY17
Utility Charges	A	5,562,962	5,888,428	6,192,627	6,982,877	7,874,000	8,717,300	9,564,850	10,168,680	10,810,820	11,505,270
Penalties		62,938	55,768	70,914	64,585	60,000	60,000	60,000	60,000	60,000	60,000
Connection Charges		139,700	21,200	134,505	63,700	150,000	20,000	20,000	20,000	20,000	20,000
Interest Income	B	250,557	49,566	2,002	-	-	2,000	-	-	-	-
Transfers In / Other		6,819	260,659	6,815	14,962	3,000	15,000	15,000	15,000	15,000	15,000
Total Revenues / Sources		6,022,976	6,275,621	6,406,863	7,126,124	8,087,000	8,814,300	9,659,850	10,263,680	10,905,820	11,600,270
Percent Increase		-6.0%	4.2%	2.1%	11.2%	13.5%	9.0%	9.6%	6.3%	6.3%	6.4%

TABLE 4-10. Sewer Fund Expenses

	Note	Actual FY08	Actual FY09	Actual FY10	Actual FY11	Modified FY12	Proposed FY13	Estimated FY14	Estimated FY15	Estimated FY16	Estimated FY17
Personnel	C	1,291,489	1,219,851	1,344,898	1,439,450	1,507,060	1,518,550	1,551,830	1,586,290	1,630,970	1,692,430
Contract Services	D	2,487,670	2,538,835	2,714,806	2,524,617	2,913,421	3,330,110	3,486,640	3,650,900	3,823,260	4,004,150
Commodities	E	128,727	118,286	129,324	141,231	213,230	226,830	233,630	240,640	247,860	255,300
Capital Outlay		-	18,877	4,152	7,443	87,298	50,000	50,000	50,000	50,000	50,000
Admin. Charge	F	233,800	241,000	248,200	541,650	547,070	552,540	559,450	566,440	573,520	580,690
Debt Service (Interest)	G	718,638	734,352	686,137	725,658	1,141,280	878,180	1,114,030	1,280,990	1,337,630	1,413,460
Other	H	1,119,358	1,145,783	1,255,678	2,311,461	2,524,490	2,540,450	2,655,300	2,775,700	2,902,000	3,034,400
Total Operating Expenses		5,979,682	6,016,986	6,383,194	7,691,510	8,933,849	9,096,660	9,650,880	10,150,960	10,565,240	11,030,430
Percent Increase		9.9%	0.6%	6.1%	20.5%	16.2%	1.8%	6.1%	5.2%	4.1%	4.4%

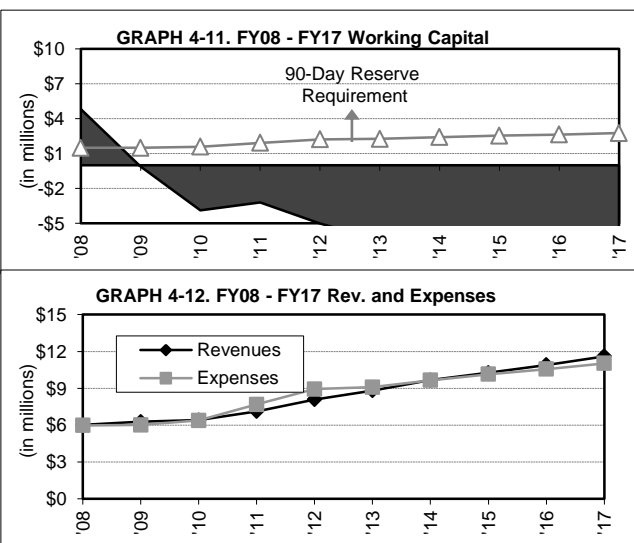
TABLE 4-11. Sewer Fund Working Capital and Reserve

Working Capital, Beginning	2,939,900	4,828,566	(109,671)	(3,875,669)	(3,196,369)	(5,005,126)	(6,466,486)	(7,605,516)	(8,857,796)	(9,758,216)
Net Change	1,888,666	(4,938,237)	(3,765,998)	679,300	(846,849)	(282,360)	8,970	112,720	340,580	569,840
Working Capital, Ending *	4,828,566	(109,671)	(3,875,669)	(3,196,369)	(5,005,126)	(6,466,486)	(7,605,516)	(8,857,796)	(9,758,216)	(10,618,794)
Minimum 90-Day Reserve	1,494,921	1,504,246	1,595,799	1,922,878	2,233,462	2,274,165	2,412,720	2,537,740	2,641,310	2,757,608

* The FY12 through FY17 Working Capital, Ending has been adjusted down to account for cash capital expenses currently programmed in the CIP.

The Sewer Fund accounts for the financial activity associated with the collection of sewage and sewage delivery to the Blue Plains Wastewater Treatment facility. The Sewer Fund budget for FY 2013 is based on a sewer charge of \$5.73 per 1,000 gallons. This is an increase of \$0.47 or 9% over the FY 2012 adopted rate of \$5.26 per 1,000 gallons. Sewer rates are estimated to increase by 9% in FY14 and then by 6% for the rest of the projection period.

Sewer rates are established over a ten-year period, but only the first five years are reflected above.



NOTES:

A. Charges for services are estimated to increase by 9% in FY13 and FY14 and then increase by 6% each year for the rest of the projection period. Both the usage fee and the ready-to-serve fee (increase by 20% each year) are included in the Utility Charges.

B. Interest Income is approximately 0.1% of the estimated working capital balance for FY13 through FY14, 0.5% in FY15 and 1% in FY16 and FY17.

C. Personnel is estimated to increase by an average annual 2.9% over the projection period, mainly due to increases in benefits.

D. Contractual Services includes the operating payment to Blue Plains. In order to be conservative, the forecast assumes a 5% increase each year for Blue Plains, while all other Contractual Services are estimated to increase by 1% each year.

E. Commodity expenses are estimated to increase by approximately 3% each year, while Capital Outlay remains flat.

F. Based on the adopted CAP, the Admin. Charge is estimated to increase by 1.25% each year from FY14 through FY17.

G. Debt Service amounts represent interest payments based on current and future debt schedules. This fund is projected to issue \$21.6 million in new debt between FY13 and FY17.

H. Includes depreciation and transfer to the Water Fund. Depreciation is estimated to increase by 5% each year, while the Water Fund transfer is estimated to increase by 1.25% each year from FY14 through FY17.

Refuse Fund Five-Year Forecast

TABLE 4-12. Refuse Fund Revenues / Sources

	Note	Actual FY08	Actual FY09	Actual FY10	Actual FY11	Modified FY12	Proposed FY13	Estimated FY14	Estimated FY15	Estimated FY16	Estimated FY17
Customer Charges	A	5,229,359	5,352,476	5,435,420	5,406,543	5,450,000	5,100,120	5,360,670	5,558,040	5,764,130	6,059,130
Penalties		65,576	64,578	69,930	71,424	60,000	63,600	65,510	65,500	65,500	65,500
Interest Income	B	122,411	36,194	1,823	2,843	25,000	2,300	1,800	7,800	14,000	13,700
Sales of Materials	C	105,110	115,784	24,996	474,270	293,100	408,900	408,900	408,900	408,900	408,900
Transfers In / Other	D	33,026	33,026	33,026	44,226	41,200	39,060	40,510	41,960	43,470	44,920
Total Revenues / Sources		5,555,482	5,602,058	5,565,195	5,999,306	5,869,300	5,613,980	5,877,390	6,082,200	6,296,000	6,592,150
Percent Increase		7.2%	0.8%	-0.7%	7.8%	-2.2%	-4.4%	4.7%	3.5%	3.5%	4.7%

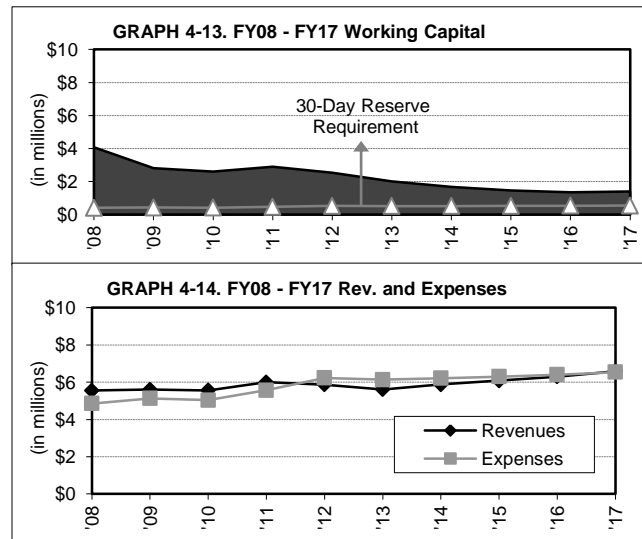
TABLE 4-13. Refuse Fund Expenses

	Note	Actual FY08	Actual FY09	Actual FY10	Actual FY11	Modified FY12	Proposed FY13	Estimated FY14	Estimated FY15	Estimated FY16	Estimated FY17
Personnel	E	2,467,527	2,553,113	2,371,685	2,285,429	2,650,250	2,597,190	2,655,480	2,715,860	2,794,470	2,903,030
Contract Services	F	1,294,331	1,223,325	1,388,898	1,490,317	1,565,380	1,566,760	1,582,430	1,598,250	1,614,230	1,630,370
Commodities		288,875	311,950	262,274	260,059	436,420	396,510	408,410	420,660	433,280	446,280
Capital Outlay		-	51,885	-	19,444	15,040	29,810	15,000	15,000	15,000	15,000
Admin. Charge	G	441,800	456,000	469,700	977,470	987,250	997,120	1,009,580	1,022,200	1,034,980	1,047,920
Debt Service (Interest)	H	115,584	130,708	115,315	100,415	86,800	71,900	56,900	41,900	27,400	13,600
Other	I	244,800	402,849	429,905	437,533	491,480	480,080	482,590	484,370	486,180	488,000
Total Operating Expenses		4,852,917	5,129,830	5,037,777	5,570,667	6,232,620	6,139,370	6,210,390	6,298,240	6,405,540	6,544,200
Percent Increase		3.8%	5.7%	-1.8%	10.6%	11.9%	-1.5%	1.2%	1.4%	1.7%	2.2%

TABLE 4-14. Refuse Fund Working Capital and Reserve

Working Capital, Beginning	903,618	4,075,514	2,810,158	2,602,792	2,896,823	2,533,503	2,008,113	1,675,113	1,459,073	1,349,533
Net Change	3,171,896	(1,265,356)	(207,366)	294,031	(363,320)	(525,390)	(333,000)	(216,040)	(109,540)	47,950
Working Capital, Ending	4,075,514	2,810,158	2,602,792	2,896,823	2,533,503	2,008,113	1,675,113	1,459,073	1,349,533	1,397,483
Minimum 30-Day Reserve	404,410	427,486	419,815	464,222	519,385	511,614	517,533	524,853	533,795	545,350

The FY 2013 refuse budget is based on a semi-automated once per week recycling and refuse collection program. The refuse rate will decrease by 5.2% to \$372 per year. The semi-automated once per week system provides reduced operating expenses because less personnel, contractual services, commodities, and vehicles and equipment are needed. Because of these reduced operating expenses, the rate has remained the same since FY 2008 and will decrease in FY 2013. Refuse rates are established over a five-year period.



NOTES:

- A. The refuse rate per household per year will increase on average 3.6% per year from FY14 to FY17.
- B. Interest Income is approximately 0.1% of the estimated working capital balance for FY13 and FY14, 0.5% in FY15 and 1% for FY16 through FY17.
- C. Refers to the sale of recyclable materials and auctioned vehicles.
- D. Refers to the transfer from the General Fund to the Refuse Fund to support Rockville Housing Enterprises (RHE) refuse pick-ups. This transfer is estimated to increase consistent with the rate increases over the projection period.
- E. Personnel is estimated to increase by an average annual 2.9% over the projection period, mainly due to increases in benefits.
- F. Contract Services and Commodity expenses are estimated to increase each year by approximately 1% and 3% respectively.
- G. Based on the adopted CAP, the Admin. Charge is estimated to increase by 1.25% per year from FY14 through FY17.
- H. Debt Service amounts represent interest payments based on current debt schedules. No additional debt is anticipated.
- I. Includes depreciation and transfer to the Water Fund. Depreciation is estimated to remain flat. The Water Fund transfer is estimated to increase by 1.25% per year from FY14 through FY17.

Parking Fund Five-Year Forecast

TABLE 4-15. Parking Fund Revenues / Sources

	Note	Actual FY08	Actual FY09	Actual FY10	Actual FY11	Modified FY12	Proposed FY13	Estimated FY14	Estimated FY15	Estimated FY16	Estimated FY17
Real Property Tax	A	127,298	209,005	140,388	160,703	163,000	161,300	154,800	154,800	154,800	161,140
From Other Government	B	310,000	310,000	153,870	294,681	295,000	295,000	295,000	295,000	295,000	297,350
Parking Meters	C	485,636	982,403	1,128,916	1,302,221	550,000	400,000	408,000	416,200	424,500	433,000
Parking Violations		776,800	685,934	800,086	983,460	700,000	650,000	663,000	676,300	689,800	703,600
Interest Income	D	251,440	41,093	2,752	6,424	15,000	1,800	1,500	5,400	7,100	3,900
Transfers In / Other	E	2,212,830	952,553	852,599	1,030,000	500,000	500,000	500,000	500,000	500,000	500,000
Total Revenues / Sources		4,164,003	3,180,989	3,078,611	3,777,489	2,223,000	2,008,100	2,022,300	2,047,700	2,071,200	2,098,990
Percent Increase		16.3%	-23.6%	-3.2%	22.7%	-41.2%	-9.7%	0.7%	1.3%	1.1%	1.3%

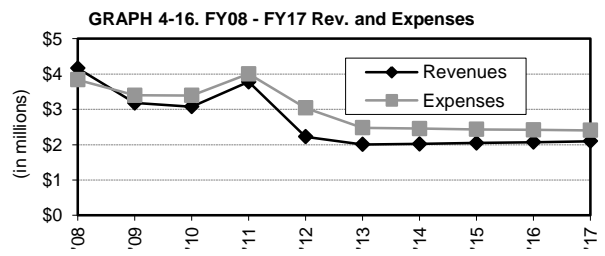
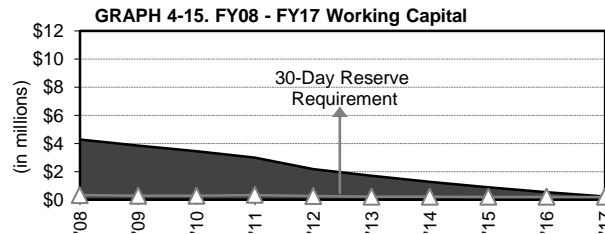
TABLE 4-16. Parking Fund Expenses

	Note	Actual FY08	Actual FY09	Actual FY10	Actual FY11	Modified FY12	Proposed FY13	Estimated FY14	Estimated FY15	Estimated FY16	Estimated FY17
Personnel	F	265,963	349,161	326,907	338,789	271,280	260,900	266,980	273,270	281,485	292,850
Contract Services	G	606,293	608,644	732,084	751,330	90,110	140,790	142,200	143,600	145,000	146,500
Commodities		129,256	107,868	126,023	120,394	149,343	44,560	45,900	47,300	48,700	50,200
Admin. Charge	H	82,400	85,000	87,600	656,980	132,710	134,040	135,700	137,400	139,100	140,800
Debt Service (Interest)	I	1,465,859	1,441,711	1,409,821	1,384,156	1,631,200	1,424,990	1,393,590	1,360,790	1,332,040	1,302,080
Other	J	1,286,744	805,800	710,965	752,295	766,500	472,710	472,710	472,710	472,710	472,710
Total Operating Expenses		3,836,515	3,398,183	3,393,400	4,003,944	3,041,143	2,477,990	2,457,080	2,435,070	2,419,035	2,405,140
Percent Increase		-63.2%	-11.4%	-0.1%	18.0%	-24.0%	-18.5%	-0.8%	-0.9%	-0.7%	-0.6%

TABLE 4-17. Parking Fund Working Capital and Reserve

Working Capital, Beginning	5,121,279	4,280,189	3,846,375	3,447,575	2,991,186	2,173,044	1,703,154	1,268,374	881,004	533,169
Net Change	(841,090)	(433,814)	(398,800)	(456,389)	(818,143)	(469,890)	(434,780)	(387,370)	(347,835)	(306,150)
Working Capital, Ending	4,280,189	3,846,375	3,447,575	2,991,186	2,173,044	1,703,154	1,268,374	881,004	533,169	227,019
Minimum 30-Day Reserve	319,710	283,182	282,783	333,662	253,429	206,499	204,757	202,923	201,586	200,428

The FY 2013 budget for the Parking Fund incorporates the leasing of the Town Square garage operations to Federal Realty Investment Trust (FRIT). The City entered into a long-term lease where FRIT will manage, operate and re-equip the garages. As a result of the lease the FY 2013 budget represents only operational costs for on-street meters along with the payment of debt service on garages.



NOTES:

- A. The Parking District Tax rate for FY13 equals \$0.33 per \$100 of assessed valuation. For FY14 through FY17, the tax rate will remain flat, but assessments are estimated to decrease by 4% in FY14, remain flat in FY15 through FY16 and increase by 2% in FY17.
- B. Includes \$105,000 PILOT payment and \$180,000 in capital contributions from Montgomery County. Assessments related to PILOT are estimated to remain flat between FY14 and FY16 and increase by 1% in FY17.
- C. Revenues are projected to increase by 2% each year starting in FY14 due to overall improvements in the economy.
- D. Interest Income is approximately 0.1% of the estimated working capital balance for FY13 and FY14, 0.5% in FY15 and 1% for FY16 through FY17.
- E. Refers to the annual subsidy from the General Fund.
- F. Personnel is estimated to increase by an average annual 3.1% over the projection period, mainly due to increases in benefits.
- G. Contract Services and Commodity expenses are estimated to increase each year by approximately 1% and 3% respectively.
- H. Based on the adopted CAP, the Admin. Charge is estimated to increase by 1.25% each year from FY14 through FY17.
- I. Debt Service amounts represent interest payments based on current debt schedules. No additional debt is anticipated.
- J. Represents depreciation, bond amortization, amortization of deferred loss on lease (\$209,010), and bad debts which are all estimated to remain flat.

Stormwater Management Fund Five-Year Forecast

TABLE 4-18. Stormwater Management Fund Revenues / Sources

	Note	Actual FY08	Actual FY09	Actual FY10	Actual FY11	Modified FY12	Proposed FY13	Estimated FY14	Estimated FY15	Estimated FY16	Estimated FY17
Utility Fee	A	-	-	1,581,145	2,056,377	2,257,500	3,105,500	3,939,745	4,451,200	4,844,290	5,105,700
SWM Permits	B	300,690	37,875	33,911	128,859	250,000	250,000	280,000	300,000	300,000	350,000
SWM Part. Fees		261,040	111,380	84,359	432,473	130,000	130,000	150,000	200,000	200,000	200,000
Interest / Other	C	326,547	627,058	19,943	31,265	3,700	11,000	-	-	-	600
Total Revenues / Sources		888,277	776,314	1,719,358	2,648,974	2,641,200	3,496,500	4,369,745	4,951,200	5,344,290	5,656,300
Percent Increase		-24.5%	-12.6%	121.5%	54.1%	-0.3%	32.4%	25.0%	13.3%	7.9%	5.8%

TABLE 4-19. Stormwater Management Fund Expenses

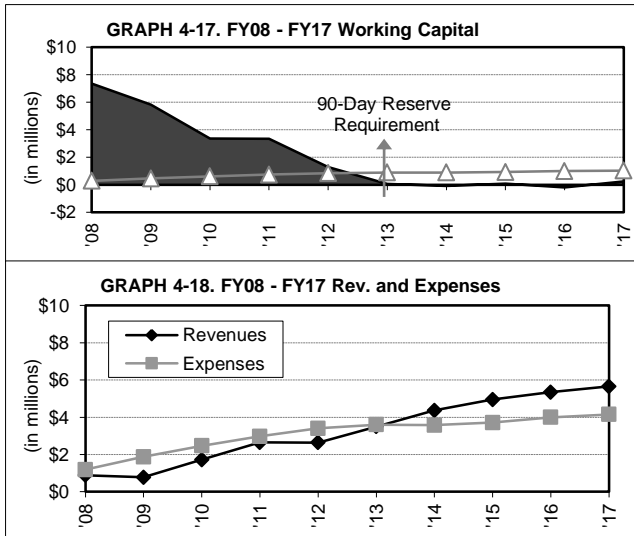
	Note	Actual FY08	Actual FY09	Actual FY10	Actual FY11	Modified FY12	Proposed FY13	Estimated FY14	Estimated FY15	Estimated FY16	Estimated FY17
Personnel	D	506,775	1,197,202	1,651,228	1,686,478	1,818,240	1,881,700	1,923,700	1,967,150	2,012,110	2,058,666
Contract Services	E	246,177	282,737	374,477	409,990	577,638	659,560	450,500	495,600	545,200	599,700
Commodities		782	49,687	68,141	62,288	129,150	130,110	143,100	157,400	173,100	190,400
Capital Outlay		-	22,108	15,180	3,990	-	-	-	-	-	-
Admin. Charge	F	149,300	154,000	158,600	604,940	610,990	617,100	624,810	632,620	640,530	648,540
Debt Service (Interest)	G	-	-	170	7,480	10,370	10,370	99,920	94,940	224,500	212,790
Other	H	282,242	166,105	199,580	203,172	260,000	304,970	334,500	366,900	402,600	441,900
Total Operating Expenses		1,185,276	1,871,840	2,467,376	2,978,338	3,406,388	3,603,810	3,576,530	3,714,610	3,998,040	4,151,996
Percent Increase		-55.7%	57.9%	31.8%	20.7%	14.4%	5.8%	-0.8%	3.9%	7.6%	3.9%

TABLE 4-20. Stormwater Management Fund Working Capital and Reserve

Working Capital, Beginning	8,102,590	7,360,683	5,830,946	3,366,213	3,348,427	1,292,939	67,179	(78,934)	87,885	(187,998)
Net Change	(741,907)	(1,529,737)	(2,464,733)	(17,786)	(765,188)	(107,310)	793,215	1,236,590	1,346,250	1,504,304
Working Capital, Ending *	7,360,683	5,830,946	3,366,213	3,348,427	1,292,939	67,179	(78,934)	87,885	(187,998)	246,137
Minimum 90-Day Reserve	296,319	467,960	616,844	744,585	851,597	900,953	894,133	928,653	999,510	1,037,999

* The FY12 through FY17 Working Capital, Ending has been adjusted down to account for cash capital expenses currently programmed in the CIP.

In FY 2008 the Mayor and Council approved an ordinance to amend the City Code to include a new Stormwater Management Utility Fee. For FY 2013 the utility fee will increase to \$78.90, up from \$62.48 in FY 2012. Each residential property will pay \$78.90 or one equivalent residential unit (ERU) per year, and each commercial property will pay \$78.90 multiplied by the number of ERUs measured on their property. Stormwater utility rates are established over a five-year period.



NOTES:

- A. The City began charging the stormwater utility fee in FY10. The FY13 fee is \$78.90 per ERU. The rate will increase by approximately 26% in FY14, 12.5% in FY15, 8.4% in FY16 and 5% in FY17.
- B. These revenues are directly related to new development.
- C. Interest Income is approximately 0.1% of the estimated working capital balance for FY14, 0.5% for FY15 and 1% for FY16 and FY17.
- D. Personnel is estimated to increase by an average annual 2.9% over the projection period, mainly due to increases in benefits.
- E. Contract Services and Commodity expenses are estimated to increase by approximately 10% each year in order to fully implement the new stormwater management program.
- F. Based on the adopted CAP, the Admin. Charge is estimated to increase by 1.25% each year from FY14 through FY17.
- G. Debt Service amounts represent interest payments based on current and future debt schedules. This fund is projected to issue \$6.9 million in new debt between FY13 and FY17.
- H. Includes depreciation, and the Rainscapes Rebates Program. Depreciation is estimated to increase by 10% each year rainscapes rebates (\$10,000) are estimated to remain flat. Depreciation and capital expenses are based on the current CIP projects.

RedGate Golf Fund Five-Year Forecast

TABLE 4-21. RedGate Golf Fund Revenues / Sources

	Note	Actual FY08	Actual FY09	Actual FY10	Actual FY11	Modified FY12	Proposed FY13	Estimated FY14	Estimated FY15	Estimated FY16	Estimated FY17
Golf Course Fees		887,553	827,324	738,180	679,936	350,235	-	-	-	-	-
Cart Rentals		265,553	230,766	206,248	182,243	84,440	-	-	-	-	-
Driving Range Fee		1,635	1,651	1,982	3,211	1,125	-	-	-	-	-
Concessions / Other	A	11,664	12,159	12,251	11,624	14,230	71,670	87,180	92,425	93,005	100,320
Pro Shop Rental		4,250	4,250	2,750	2,750	1,400	-	-	-	-	-
Transfers In	B	165,000	93,000	-	2,390,645	630,000	-	-	-	-	-
Course Lease	A	-	-	-	-	-	12,000	12,000	12,000	12,000	24,000
Total Revenues / Sources		1,335,655	1,169,150	961,411	3,270,409	1,081,430	83,670	99,180	104,425	105,005	124,320
Percent Increase		5.8%	-12.5%	-17.8%	240.2%	-66.9%	-92.3%	18.5%	5.3%	0.6%	18.4%

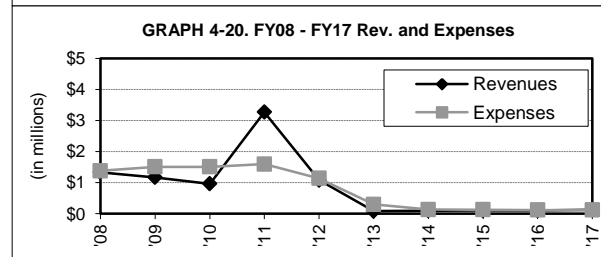
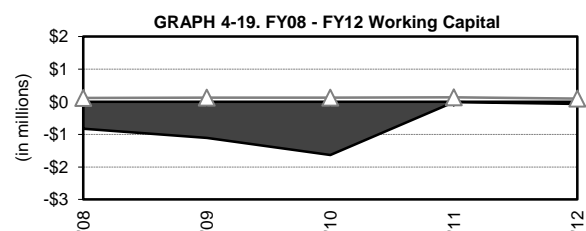
TABLE 4-22. RedGate Golf Fund Expenses

	Note	Actual FY08	Actual FY09	Actual FY10	Actual FY11	Modified FY12	Proposed FY13	Estimated FY14	Estimated FY15	Estimated FY16	Estimated FY17
Personnel	C	732,933	805,091	835,559	799,176	630,000	155,830	-	-	-	-
Contract Services		136,022	138,743	130,339	156,881	90,600	-	-	-	-	-
Commodities		240,513	261,032	244,494	272,396	144,400	-	-	-	-	-
Capital Outlay		42,404	86,239	68,936	62,673	19,750	-	-	-	-	-
Admin. Charge		92,200	95,000	97,900	165,750	98,700	-	-	-	-	-
Debt Service (Interest)	D	12,208	11,944	11,335	10,663	10,200	9,420	8,670	7,930	7,160	6,350
Other	E	125,791	110,139	119,177	129,670	144,100	132,790	124,565	120,570	112,295	109,580
Total Operating Expenses		1,382,071	1,508,188	1,507,740	1,597,209	1,137,750	298,040	133,235	128,500	119,455	115,930
Percent Increase		6.9%	9.1%	0.0%	5.9%	-28.8%	-73.8%	-55.3%	-3.6%	-7.0%	-3.0%

TABLE 4-23. RedGate Golf Fund Working Capital and Reserve

Working Capital, Beginning	(749,503)	(827,807)	(1,108,828)	(1,633,347)	(9,959)	(66,279)	(280,649)	(314,704)	(338,779)	(353,229)
Net Change	(78,304)	(281,021)	(524,519)	1,623,388	(56,320)	(214,370)	(34,055)	(24,075)	(14,450)	8,390
Working Capital, Ending	(827,807)	(1,108,828)	(1,633,347)	(9,959)	(66,279)	(280,649)	(314,704)	(338,779)	(353,229)	(344,839)
Minimum 30-Day Reserve	115,173	125,682	125,645	133,101	94,813	N/A	N/A	N/A	N/A	N/A

The RedGate Golf Fund is used to account for the financial activity associated with the City's public golf course. In FY 2011 the Mayor and Council directed staff to issue a request for proposal for a private management firm to operate the course. In FY 2012 the City entered into a lease agreement with Billy Casper Golf. Billy Casper Golf will be reporting on operating performance on a calendar year. The first year results will be reported in February/March 2013.



NOTES:

- A. As a result of the lease agreement between the City and Billy Casper Golf the City will receive reimbursements each year for the principal and interest payment for Golf Fund debt and performance revenues based on the BCG lease proposal.
- B. Refers to the transfer from the General Fund to help fund the depreciation of assets.
- C. FY13 expenses represent the final severance payments to employees.
- D. Debt Service amounts represent interest payments based on current debt.
- E. Includes depreciation and amortization.

Speed Camera Fund Five-Year Forecast

TABLE 4-24. Speed Camera Fund Revenues / Sources

	Note	Actual FY08	Actual FY09	Actual FY10	Actual FY11	Modified FY12	Proposed FY13	Estimated FY14	Estimated FY15	Estimated FY16	Estimated FY17
Speed Camera Citations	A	4,036,564	2,756,463	1,961,035	2,451,623	1,902,400	2,340,000	2,340,000	2,340,000	2,340,000	2,340,000
Interest Income / Other	B	24,470	20,984	2,040	3,010	1,300	900	760	2,900	4,300	3,000
Total Revenues / Sources		4,061,034	2,777,447	1,963,075	2,454,633	1,903,700	2,340,900	2,340,760	2,342,900	2,344,300	2,343,000
Percent Increase		4,853.0%	-31.6%	-29.3%	25.0%	-22.4%	23.0%	0.0%	0.1%	0.1%	-0.1%

TABLE 4-25. Speed Camera Fund Expenditures

	Note	Actual FY08	Actual FY09	Actual FY10	Actual FY11	Modified FY12	Proposed FY13	Estimated FY14	Estimated FY15	Estimated FY16	Estimated FY17
Personnel	C	158,322	343,530	443,024	300,581	414,520	399,650	408,100	416,830	428,000	443,180
Contract Services	D	1,336,167	959,476	612,462	982,037	802,980	969,700	969,740	969,780	969,820	969,860
Commodities		4,258	22,470	32,890	11,915	32,700	30,590	31,510	32,460	33,430	34,430
Capital Outlay		-	-	2,337	-	-	-	-	-	-	-
Admin. Charge	E	-	-	-	222,320	224,540	226,790	229,625	232,495	235,400	238,345
Other	F	-	61,549	-	138,568	130,000	120,000	120,000	120,000	120,000	120,000
Total Operating Expenditures		1,498,747	1,387,025	1,090,713	1,655,421	1,604,740	1,746,730	1,758,975	1,771,565	1,786,650	1,805,815
Percent Increase		1,289.3%	-7.5%	-21.4%	51.8%	-3.1%	8.8%	0.7%	0.7%	0.9%	1.1%

TABLE 4-26. Speed Camera Fund Balance and Reserve

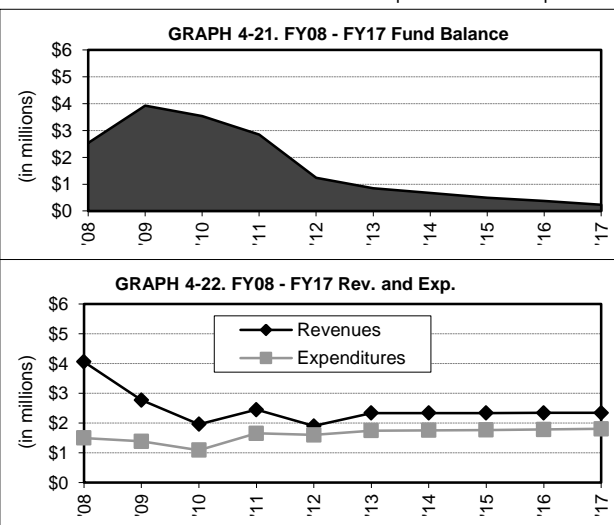
Fund Balance, Beginning *	(25,888)	2,536,398	3,890,437	3,536,455	2,848,085	1,237,521	847,068	672,727	494,062	374,462
Net Change	2,562,287	1,390,422	872,363	799,212	298,960	594,170	581,785	571,335	557,650	537,185
Fund Balance, Ending **	2,536,398	3,926,820	3,536,455	2,848,085	1,237,521	847,068	672,727	494,062	374,462	232,285
Minimum Reserve ***	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

* FY10 Actual Fund Balance, Beginning was adjusted down by \$36,383 consistent with the City's FY10 audited financial report.

** FY10 Actual Fund Balance, Ending was adjusted down by \$1.2 million and FY11 Actual Fund Balance, Ending was adjusted down by \$1.5 million due to capital expenditures that took place during FY10 and FY11. For FY12 through FY17, Fund Balance, Ending is adjusted down to account for capital expenditures currently programmed in the CIP. Future capital expenditures that are based on future projected revenues will only be programmed after citation revenue has been received since there is no guarantee of future revenue.

*** The City does not have a policy about maintaining a balance in this fund because it is used to account for proceeds from a specific revenue source that is restricted by legal provisions.

The Speed Camera Fund, created in FY 2007, tracks the financial transactions associated with the City's speed camera program. In FY 2011, the Police Department started adding "portable camera units" (PCU's) to the City's speed camera program. PCU's contain all the technology in one box that can be easily transported to different locations. Since the City started using PCUs the total number of citations increased to an estimated 4,875 citations per month. This Fund supports 5.5 FTEs (including 2 Police Officers) and several CIP projects dedicated to improving pedestrian and traffic safety.



NOTES:

A. The projection assumes 4,875 citations paid per month. Revenues are based on a \$40 citation fee which reflects gross revenue to be received.

B. Interest Income is approximately 0.1% of the estimated working capital balance for FY13 and FY14, 0.5% for FY15 and 1% for FY16 through FY17.

C. Personnel is estimated to increase by an average annual 2.7% over the projection period, mainly due to increases in benefits.

D. Contract Services includes payment to the speed camera vendor. The vendor receives \$16.50 from each paid citation. Vendor payments are estimated to remain flat over the projection period, while Contract Services and Commodity expenditures are estimated to increase each year by approximately 1% and 3% respectively.

E. Based on the adopted CAP, the Admin. Charge is estimated to increase by 1.25% each year from FY14 through FY17.

F. Other includes bad debt associated with uncollected tickets and is estimated to remain flat from FY13 through FY17.